

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION JOINT APPROPRIATIONS SUBCOMMITTEE ON NATURAL RESOURCES AND COMMERCE**

**Call to Order:** By **VICE CHAIRMAN WILLIAM CRISMORE**, on January 15, 2001 at 8:15 A.M., in Room 317-C Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Dick Haines, Chairman (R)  
Sen. William Crismore, Vice Chairman (R)  
Rep. Christine Kaufmann (D)  
Sen. Linda Nelson (D)  
Sen. Bill Tash (R)  
Rep. Joe Tropila (D)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Gary Hamel, Legislative Branch  
Amber Sauer, Committee Secretary  
Doug Schmitz, OBPP

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: Department of Natural  
Resources, Conservation and  
Resource Development Division  
1/15/2001  
Executive Action: Conservation and Recourse  
Development Division

***{Tape : 1; Side : A; Approx. Time Counter : 0}***

#### **HEARING ON DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION**

#### **CONSERVATION AND RESOURCE DEVELOPMENT DIVISION**

**Mr. Ray Beck, Division Administrator, Conservation and Resource Development Division (CRDD), Department of Natural Resources and Conservation (DNRC)** gave an overview of the agency.

**EXHIBIT(jnh11a01)**

He stated the Division is responsible for the administration of the Conservation District Act and the administration of numerous loan and grant programs which assist local communities, economic development groups, and individuals across the state. He covered the organizational chart noting there are three bureaus--the Conservation Districts Bureau, the Financial Development Bureau, and the Resource Development Bureau. There is also an Agricultural Heritage Program Executive Director. They have a few federal employees attached to the department to share expertise. The mission of the Division is to provide technical and financial assistance to local governments, state agencies, and private citizens for the conservation development, protection, and management of the state's natural resources.

**Mr. Beck** gave examples of the Conservation and Resource Development Division activities. The Division provides administrative, technical, financial, and legal assistance to all 58 Conservation Districts. **Mr. Beck** explained the composition of Conservation Districts, the duties and activities, and the funding. The Division administers and/or assists in the Rangeland Improvement Loan Program, the 310 Projects, water reservations and diversions, water shed planning, Farm Bill responsibilities, the Riparian Management Program, small acreage stewardship efforts, and conservation easements. He reminded the committee the Salinity Control Association is a satellite program for the Conservation Districts. They are also involved in the 223 Program which are grants to conservation districts to provide funding for critical projects.

**Mr. Beck** touched on the Montana Agricultural Heritage Program and the Yellowstone River Conservation Council.

**{Tape : 1; Side : A; Approx. Time Counter : 196}**

**Mr. Beck** turned to the Division's responsibilities for the grant and loan programs. The Division administers grant and loan programs totaling over \$360 million in bond authority for loans and distribute over \$9 million in grants each biennium. The majority of these funds are provided to local government to finance natural resource projects. (Refer to exhibit 1, page 34.) The Renewable Resource Grants are listed in HB 6 which need to be approved by the legislature in Long Range Planning. He

gave examples of the various uses for the grants including the fact that \$125,000 per biennium is set aside for emergency grants. They had 71 applications for \$6.9 million this past year.

**Mr. Beck** stated the Renewable Resource Loans are for dam and irrigation projects for private water projects. They have made 185 loans totaling \$15.2 million to private individuals nearly all of which are for the purchase of irrigation equipment. The State Revolving Funds have enabled them to complete more loans and process them faster.

**Mr. Beck** continued that the Vision 2005 Task Force was organized by the Department of Agriculture which set a goal to double the value of agriculture in Montana by the year 2005. The Reclamation and Development Grants program is a \$3 million program which funds projects for mineral development and public resources. The State Revolving Fund loans are made to improve waste water treatment, safe drinking water, and private loans. Currently there are 67 loans for a total of approximately \$80 million. In 2002 and 2003 there will be approximately 15 loans made for \$40 million. The interest rates on these loans are 3-4% with up to 30 years for payback. In conclusion, **Mr. Beck** stated there are a wide variety of projects in the Division all of which provide technical and financial assistance to local governments and private citizens.

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**Mr. Bud Clinch, Director, DNRC**, pointed out this is a small division with only 25 employees; however, they deliver \$80 million in programs.

**CHAIRMAN HAINES** stated the committee will need to revisit the supplemental firefighting requests at a later time.

*{Tape : 1; Side : A; Approx. Time Counter : 445}*

**Mr. Gary Hamel, LFD**, spoke to the proposed changes for Program 23, CRDD, per the information distributed requesting changes for two language appropriations listed within the LFD budget book.

**EXHIBIT** (jnh11a02)

The first was on decision package (DP) 55-Language which is to drop the first language appropriation of \$700,000 for the Rangeland loan program. Accounting has informed DNRC this is not

necessary, as loans are not appropriated. **Mr. Hamel** had no issues with that change.

The second change is in DP-7 Language Revolving Loan Program. The DNRC is requesting language to be added and deleted per the information.

**{Tape : 1; Side : B; Approx. Time Counter : 0}**

**Mr. Hamel** explained DP-1 Crow Settlement. The executive is requesting a reduction of \$100,977 in FY2002 and FY2003 to reflect interest costs on the Crow Settlement. The June 1999 special session of the legislature approved the water rights and coal severance tax litigation settlement with the Crow Tribe. Although the DNRC would have base expenditures for this settlement, it would have no interest costs in that amount. **Mr. Schmitz** stated the DP is an adjustment.

**{Tape : 1; Side : B; Approx. Time Counter : 45}**

**Motion/Vote:** SEN. CRISMORE moved that DP-1 CROW SETTLEMENT BE ADOPTED. Motion carried unanimously.

**Mr. Hamel** went on to DP-15 Operating Resource Development Bureau which is a request for \$74,000 in each year of the biennium to increase operating expenses not in the base budget. He had no issued with the DP. **Mr. Beck** emphasized the irrigation development program reflected only about six months of operating expenses due to the fact that it was not up and running until six months into the base year.

**{Tape : 1; Side : B; Approx. Time Counter : 72}**

**Motion/Vote:** SEN. NELSON moved that DP-15 OPERATING RESOURCE DEVELOPMENT BUREAU BE ADOPTED. Motion carried unanimously.

**Mr. Hamel** presented DP-20 Rangeland Management Conservation which is a request for \$15,000 each year of the biennium to contract with the Natural Resource Conservation Service for statewide rangeland management support. The federal agency is requesting the state increase its share to one-third the total cost of the positions. **Mr. Beck** stated this arrangement works well for the Division to use the expertise of the federal agency in a partnership agreement.

**{Tape : 1; Side : B; Approx. Time Counter : 90}**

**Motion/Vote: REP. TROPILA** moved that **DP-20 RANGELAND MANAGEMENT CONSERVATION BE ADOPTED. Motion carried unanimously.**

DP-23 Operating Conservation Districts Bureau is a request for \$56,000 in each year of the biennium to fund operating expenses not included in the base budget. These are to defray increases expected in the small landowner program workshops and overtime. **Mr. Hamel** stated he had no issues with this DP.

**SEN. CRISMORE** asked what the result would be if this request was not funded. **Mr. Beck** responded it would cut back the workshops and contracted services such as janitorial services. **REP. TROPILA** asked about the expense last biennium. It was stated these are fixed costs and is an increase of \$112,000 of which about \$40,000 would be for rent with \$54,000 in contracted services.

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**Motion/Vote: SEN. CRISMORE** moved that **DP-23 OPERATING CONSERVATION DISTRICTS BUREAU BE ADOPTED. Motion carried unanimously.**

**Mr. Hamel** continued with DP-37 Grass Conservation Commission. The executive is requesting \$96,508 of which \$45,000 is general fund for travel and per diem for the commission, staffing, and administrative support functions. The base expenditures reflect only nine months of an operating year. This DP is to restore base expenditures for an entire year for per diem, travel and contracted services. **Mr. Schmitz** stated the request is a biannual amount.

**Mr. Beck** explained the program further. Even though the Commission was formed as such just recently, the activities of the commission go back for a century. Early on there was a commission; it was then dissolved to be handled by the DNRC and in 1999 the commission was re-established.

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**Motion: SEN. NELSON** moved that **DP-37 GRASS CONSERVATION COMMISSION BE ADOPTED.**

**Discussion: Mr. Dennis Phillippi, Administrative Secretary, Grass Conservation Commission,** stated he appreciates the committee's support and would like to discuss further issues with the committee. He introduced **Mr. Phil Hill, Commissioner,** who stated

they are concerned about the expense of hearings and therefore are hoping for increased funding which would come from raising grazing fees and not from the general funds. **Mr. Clinch** clarified **Mr. Hill** was actually asking for increased spending authority. The grazing fees are assessed to grazing district members on a per head basis and they would like to address the amount assessed. This request is coming from an agency which is administratively attached to the DNRC. **CHAIRMAN HAINES** asked Mr. Hill, Mr. Phillippi, and Mr. Hamel to meet to draft a proposal to present in the January 17 committee meeting.

**SEN. NELSON** withdrew the motion to adopt DP-37.

*{Tape : 1; Side : B; Approx. Time Counter : 360}*

**Mr. Hamel** moved to DP-55 Language Appropriations. **Mr. Hamel** referred to exhibit 2 to delete the language "The department is appropriated up to \$700,000 for the 2003 biennium from the account established in 76-14-112, MCA, for rangeland loans during the 2003 biennium." The remainder of the language on page C-145 is to stand. **Mr. Hamel's** issue with that is language appropriations is language that appropriates money in HB 2 on a contingent basis usually when the revenue becomes available. It does not become a valid appropriation until the conditions expressed in the language are met. He stated none of the language appropriations requested by the executive are for instances that if the money becomes available, an expenditure has to be made. Therefore, none of the language appropriations are necessary for the department to meet statutory obligations. He stated there are two other options the legislature might take.

**Mr. Schmitz** stated the executive supports this language due to the fact that most accounts are state special revenues and it helps them to manage resources. **Mr. Beck** added the language appropriations are very important to the Division. **Ms. Anna Miller, Bureau Chief, CRDD, DNRC**, stated the three language appropriations were not used in the current biennium. They are asking for spending authority; the funds come from the State Revolving Loan Program.

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**Motion:** **SEN. NELSON** moved that **DP 55-LANGUAGE APPROPRIATIONS PER THE DEPARTMENT'S REQUEST BE ADOPTED.**

**Discussion:** **REP. KAUFMANN** asked for clarification on the language appropriation versus spending authority in a line item. **Ms. Miller** stated she felt it gives them the ability to move forward

should certain circumstances present themselves. **Mr. Hemel** does not know if that gives them more flexibility in comparison to a line item. **CHAIRMAN HAINES** felt more flexibility was possible with language appropriations. There was further discussion on line item versus language appropriation.

*{Tape : 2; Side : A; Approx. Time Counter : 58}*

**Motion/Vote:** SEN. NELSON moved that DP-55 LANGUAGE APPROPRIATIONS PER C-145 AND C-146 OF THE LFD BUDGET BOOK BE ADOPTED. Motion carried unanimously.

*{Tape : 2; Side : A; Approx. Time Counter : 75}*

The committee continued with DP-3 Crow Tribe Settlement. **Mr. Chuck Swysgood, Budget Director, OBPP**, gave an overview of the Crow Tribe Settlement. In June, 1999, they met to review the situation with the Crow Tribe and the settlement with the State with the Water Compact. Some of the items in the compact dealt with the federal government and were beyond the State's control. The language was the State would make equal payments for 15 years for \$1,000,000 to satisfy that settlement as it related to the coal issue and the Tribe. The Racicot administration elected to make a \$1.5 million payment each year for the first two years which would accelerate the repayment to ten years. However, due to the revenue situation of this biennium, the OBPP decided to go back to the original commitment of \$1,000,000 each year for 15 years. The Racicot administration had overpaid by \$1,000,000 and by reducing the yearly payment to \$500,000 each year of the 02-03 biennium, it puts the state back on the 15-year schedule. **Mr. Swysgood** felt the State is compliant with the compact with this reduction.

**CHAIRMAN HAINES** asked if the increased paid amount by the Racicot administration was in the language of the compact. **Ms. Susan Cottingham, Staff Director, Reserve Water Rights Compact (RWRC) Commission**, clarified when the legislature passed the compact, the \$1.5 million in each of the first two years was budgeted. In the statute, it states a maximum of 15 years. Therefore, \$3,000,000 has been paid toward the settlement and is in the escrow account gathering interest. **SEN. NELSON** asked if the statutory requirements would need to be changed. **Ms. Faye Bergan, Legal Counsel, RWRC**, responded the statutory language would not need to be changed. It states \$15,000,000 must be paid in equal annual installments for a period of no more than 15 years beginning July 1, 1999. There was further discussion on the matter and the legalities. **Ms. Cottingham** has met with the

Crow Tribe and they expressed no major concerns with the yearly payments; they are more concerned with some of the other language in the compact. **Mr. Hamel** stated the equal annual installments should be no **MORE** than 15 years and the question arises if by starting with \$1.5 million, the State **MUST** continue with \$1.5 million each year until reaching the \$15 million. It was stated that since the Tribe cannot use the funds until it is paid in full, the amount per year would not be an issue.

**{Tape : 2; Side : A; Approx. Time Counter : 300}**

**Mr. Greg Petesch, Legal Counsel, Legislative Branch**, was asked to speak to the committee about the legalities of changing the payment amount once it had been established. **Mr. Petesch** stated if the State started with the \$1.5 million annual payments, they must continue with that amount each year and therefore it will result in being paid in ten years. He felt the compact would need to be amended if the payment amount was to be reduced at this time. Of concern was the fact that one legislature cannot encumber another legislature. **Mr. Petesch** stated the law would need to be amended taking out the words "equal, annual payments" in order to reduce the payment.

**{Tape : 2; Side : A; Approx. Time Counter : 408}**

There was additional discussion about possibly setting a precedent of paying higher payments in the beginning with compacts, how to change the compact wording (very complicated involving three different parties), the interest earned, etc. **REP. EGGERS, of the Crow Agency**, offered his opinion as requested by the committee. He stated he felt the precedent was set and the state should continue with the \$1.5 million per year.

**{Tape : 2; Side : B; Approx. Time Counter : 0}**

**Ms. Cottingham** stated the Tribe had wanted more than \$15 million and settled that amount due to the interest it would accumulate. **Mr. Hamel** stated the two options he recommended were to not accept the DP-3 as proposed and vote "no" or change the statutory requirements.

**{Tape : 2; Side : B; Approx. Time Counter : 42}**

**Motion:** **SEN. TASH** moved that **DP-3 CROW TRIBE SETTLEMENT ADJUSTMENT BE ADOPTED**. The motion failed for lack of a second.

**Mr. Hamel** moved on to the new proposals. First, he addressed the DNRC request to consider a change to delete a DP within the



Forestry Division and add it to the Conservation & Resource Development Division per the information provided for the committee.

**EXHIBIT(jnh11a03) and EXHIBIT(jnh11a04)**

It is the Department's belief federal funds will become available to provide for DP-17. He has no issues or comments for this request. **Mr. Clinch** spoke of the accidental oversight of this DP not being included in the Forestry Division and stated adding it to the CRDD would solve the problem. The DP is number 5 in new proposals for the CRDD.

*{Tape : 2; Side : B; Approx. Time Counter : 145}*

**Motion/Vote:** SEN. CRISMORE moved that DP-5 NEW PROPOSAL YELLOWSTONE RIVER CONSERVATION COUNCIL BE ADOPTED. Motion carried unanimously.

The remainder of the new proposals were then covered by **Mr. Hamel**. He explained DP-1 Agriculture Heritage proposal which is a request for \$305,000 general fund and \$1,000,000 federal special in 2002 with \$95,000 general fund in 2003. This program seeks to purchase certain rights for purposes of conservation from a landowner. **Mr. Hamel** has listed issues with this DP. The first is that although general fund money might be used to purchase easements, it does not guarantee public access to the land; therefore, the State of Montana ultimately purchases the easement for third parties. The second is that it is requesting \$305,000 general fund in FY02 and \$95,000 in FY03 and the federal funding the program is attempting to secure is not there yet. **Mr. Schmitz** stated the grant monies could be used in the second year if not secured in the first.

**Mr. Clinch** explained conservation easements in general. Conservation easements are a revolving land management tool. There was a lengthy debate in the previous legislature about the composition, the evolution, and development of the program. Originally the program was administered by the Department of Agriculture but was transferred to DNRC as it became apparent it was better administered in Conservation. **Mr. Clinch** stated the intent of the bill, being presented in this legislature to statutorily move the program to DNRC, is to sustain Montana heritage by allowing the landscape to survive as we know it. This is not a sportsman access bill but rather a development restriction bill to stop subdivision of rural landscapes and family farms.

**{Tape : 2; Side : B; Approx. Time Counter : 360}**

**PUBLIC TESTIMONY**

**Mr. Randy Smith, Chairman, Agricultural Heritage Program,** is a rancher in Glen, Mt., stated he felt one of the problems is that by the time the rules were in place to allow the commission to be put in place, it has operated only one year. Therefore, they have not had the time necessary to pursue the federal funding. He stated it is important to young Montanans to keep our agricultural heritage with our family farms.

**Mr. Art Neal, Member Agricultural Heritage Commission,** stated he is one of the two members of the Commission that represent the conservation part of the structure. He testified it has worked very well in the short time of its operation. He stated the state may have spent \$880,000 for easements, but the value of the easements was over \$6 million in conservation. We have the opportunity to maintain the open spaces in Montana and he felt that opportunity is disappearing rapidly. It is vital to protect the landscape in Montana.

**Ms. Cecilia Reinert, Member Agricultural Heritage Commission,** is a real estate broker from Bozeman. She stated this program is not in conflict with the buying and selling of property. She believes the Commission has done a great job in preserving Montana and urged the committee's support.

**Mr. John Ficken, farmer, Kalispell,** urged support of the program. His father spent 20 years on the planning board and dealt with subdividing farm land. In his father's experience, the arguments for subdividing and encouraging residential growth was for the increase in taxes generated. He stated national statistics report that residential areas cost more in services necessary such as water, sewer, lights, and streets than is generated in taxes.

**{Tape : 3; Side : A; Approx. Time Counter : 0}**

**Mr. Ward Jackson, Harrison,** stated much is lost when the small farmer goes under. Now is the time to save the Harrison area.

**Mr. Tim Davis, Executive Director, Montana Smart Growth Coalition,** stated the coalition is made up of 27 groups who represent conservation groups, agriculture groups, affordable housing groups, etc., and support this program at the highest level possible. It provides a market tool to provide funding people may need to stay on the farm.

**Mr. Henry Ficken, farmer, Kalispell,** urges full support of this program. His written testimony is part of these minutes. These dollars go to the local community and with matching funds to stabilize that community and keep the farmers from being forced to sell and subdivide. In the final analysis, he felt this saves Montana money.

**EXHIBIT (jnh11a05)**

**SEN. NELSON** asked about the federal special funds. He stated **SENATOR BURNS** is working on funds from the Farmer Protection Act and the Farm Bill. **Mr. Clinch** stated the request for these funds is for spending authority should the federal funds become available. There was discussion on the split of funding between 2002 and 2003 and the buying of easements. The funding for startup expenses and to begin purchasing easements in the last biennium was \$4,000,000 general fund money. This request represents a decrease in general funds request.

*{Tape : 3; Side : A; Approx. Time Counter : 145}*

**Motion:** **REP. TROPILA** moved that **DP-1 AGRICULTURE HERITAGE CONTINGENT UPON FEDERAL FUNDING ONE-TIME-ONLY BE ADOPTED.**

**Discussion:** **REP. KAUFMANN** was concerned the program would have no operating expenses if the entire amount was contingent on getting \$1,000,000 in federal special. Without the federal special, in this motion, the commission would cease to exist. **Mr. Schmitz** stated the \$1,000,000 is no guarantee; they are pursuing that amount. **REP. KAUFMANN** asked if the commission would be spending their time and money pursuing grants. **Mr. Smith** stated it would be. Federal money found would be used to purchase the easements. There was further discussion on the motion as presented.

*{Tape : 3; Side : A; Approx. Time Counter : 225}*

**REP. TROPILA** withdrew his motion.

The committee continued with discussion on how best to fund the program.

*{Tape : 3; Side : A; Approx. Time Counter : 267}*

**Motion/Vote:** **SEN. NELSON** moved that **DP-1 AGRICULTURE HERITAGE AS PRESENTED IN THE MARTZ BUDGET INCLUDING LANGUAGE FOR SPENDING AUTHORITY FOR UP TO \$1,000,000 SHOULD IT BECOME AVAILABLE ONE-TIME-ONLY BIENNIAL BE ADOPTED. Motion carried unanimously.**

**Mr. Hamel** moved to DP-4 Irrigation Assistance Program. The request is for grant funds used to defray costs of planning efforts for new irrigation developments. The goal is to increase the number of acres irrigated. Permanent funding for 2.5 FTE was given in the 1999 legislature. His issue with this DP is that if the 2.5 FTE is permanent which are helping to develop new irrigation systems and find resources, it raises the question of the need for a grant program. **Mr. Clinch** stated the funding last biennium was a one-time-only and therefore needs to be requested again and have further discussion by the committee. He explained the program's success and need to keep the program working with and for the irrigation districts. **SEN. TASH** raised the question of the energy crunch and the possibility of work being done on gravity systems. **Mr. Pat Reilly, Power Commission**, responded they are working on all alternatives to deal with the power shortage issues. There was further discussion on the gravity irrigation systems.

*{Tape : 3; Side : B; Approx. Time Counter : 0}*

**REP. KAUFMANN** asked about the public good in having more irrigated acres. **Mr. Reilly** responded erosion prevention and increased crops for the industry are the most visible results.

*{Tape : 3; Side : B; Approx. Time Counter : 12}*

**Motion/Vote:** **SEN. CRISMORE** moved that **DP-4 IRRIGATION ASSISTANCE PROGRAM ONE-TIME-ONLY BE ADOPTED. Motion carried unanimously.**

DP-6 Regional Water System Coordinator is a request of \$52,054 each year of the biennium that would be used to hire one FTE and pay operating expenses for a regional water coordinator. **Mr. Hamel** stated his comments regarding this request on C-147 in the LFD Budget book and noted he would like to withdraw his first issue raised on page C-148 regarding the Resource Development Bureau having several loan programs in place. He does have one remaining issue, however, which is to propose funding be used from the coal severance tax trust funds that are directed to the treasure state endowment regional water system special revenue account rather than general funds. **Mr. Clinch** stated it is necessary to have a central point of contact and without the FTE, applicants become lost in the shuffle in dealing with three separate state agencies. **SEN. NELSON** felt this is an area that will only grow for Montana as we are behind other states in getting involved with water systems.

*{Tape : 3; Side : B; Approx. Time Counter : 118}*

**Motion:** SEN. NELSON moved that DP-6 REGIONAL WATER SYSTEM COORDINATOR BE ADOPTED.

**Discussion:** CHAIRMAN HAINES asked if there was any possibility of one of the other three agencies involved being able to provide the FTE. Mr. Clinch stated they have looked at that and have not been able to find a person able to do these duties full time.

Mr. Beck stated there is currently a person working on this and it requires nearly all his time.

*{Tape : 3; Side : B; Approx. Time Counter : 155}*

SEN. NELSON withdrew the motion to be considered later.

Mr. Hamel discussed DP-10 Dry Prairie Rural Water Project and DP-11 North Central Montana Regional Water Authority together. These requests are for administrative costs. His issue with these requests is that in the last session, the same activities were funded with the renewable resources RIT grant and loan program. This session the requests are for general funds. He suggested other funding options to relieve the stress on the general fund. He stated these programs were also funded as one-time-only projects and if the program goals have been accomplished, additional funding should not be provided. The committee may want to ask for a progress report.

Mr. Schmitz stated he was not sure if the funding options presented by Mr. Hamel were still available due to previous action taken by the committee.

*{Tape : 3; Side : B; Approx. Time Counter : 230}*

#### **PUBLIC TESTIMONY**

Mr. Charlie Cahill, Dry Prairie Rural Water, testified for the water project in Northeastern Montana. It is a four-county on and off-reservation project. He stated it is a leverage tool since every dollar contributed by the state nets \$22 federal. He distributed information for the committee. He stated this project is to deliver safe treated Missouri River water to municipalities and rural households. This project was ratified by President Clinton in 1999.

**EXHIBIT**(jnh11a06)

Ms. Annmarie Robinson, Rocky Boy's/North Central Montana Regional Water Project, spoke to DP-10 and distributed information for the

committee. She noted the project was ratified by President Clinton in 1999.

**EXHIBIT(jnh11a07), EXHIBIT(jnh11a08), and EXHIBIT(jnh11a09)**

Currently environmental assessments are being done on the Dry Prairie project. They are seeking funding, and if funding goes through work will begin in 2002. The Rocky Boy's project needs to be authorized. Both **Mr. Cahill** and **Ms. Robinson** commended the DNRC staff members they have been able to work with. **CHAIRMAN HAINES** asked in the projects will be under state or federal control. **Mr. Cahill** stated since they involve reservations, both will be involved in jurisdictions. **SEN. NELSON** asked what the money was actually funding since this is about twice the funding of the last biennium. **Mr. Cahill** stated the part of the project on the reservation will be federal and the part off the reservation will be state jurisdiction. He added the additional funding is for a full-time staff member which is absolutely necessary to coordinate efforts between private individuals, reservation officers, local governments, state government, federal government and other entities.

**{Tape : 4; Side : A; Approx. Time Counter : 0}**

Discussion continued on the funding request amounts, its uses, and how the amount was determined.

**Mr. Dan Keil, Chairman, Rocky Boy Regional Water Authority,** testified they need to talk with each community involved and some of the expense is for travel to talk to the people and agencies. He felt this is very cost effective to have one person talking to those communities answering all types of questions rather than to have six or eight different agency people doing the traveling.

**SEN. CRISMORE** asked if the reservations are helping with the funding. **Mr. Cahill** stated federal money is given to the reservations to help with the project. **Mr. Keil** stated these are partnerships. The coordinating committee meets every month.

**Mr. Clinch** stated he would withdraw the request for DP-6 a regional water system coordinator and find another way to fund it within the CRDD with a modified FTE position if it would allow decisions to be made on DP-10 and DP-11. **CHAIRMAN HAINES** stated he appreciated the effort but actually felt two coordinator positions were necessary. **Mr. Clinch** stated each project does have a commander; however, a central point is necessary so that whichever project is needing assistance, it is discussed with the same person to allow coordination. The committee continued

discussing other options to solve all the funding requests and still meet the needs of the water projects. **Mr. Hamel** clarified which coal trust funds he recommended using.

***{Tape : 4; Side : A; Approx. Time Counter : 155}***

**Motion/Vote:** SEN. CRISMORE moved that DP-10 DRY PRAIRIE RURAL WATER PROJECT AND DP-11 NORTH CENTRAL MONTANA REGIONAL WATER AUTHORITY ONE-TIME-ONLY BE ADOPTED. Motion carried unanimously.

The committee revisited DP-6 Regional Water System Coordinator. **CHAIRMAN HAINES** asked **Mr. Clinch** if he would like to have time to rethink the request and re-present it to the committee for action at a later time. **Mr. Clinch** agreed to remove it and would like to see other agencies held as accountable. **CHAIRMAN HAINES** offered to allow it to be revisited at the Director's request within the next few days.

**Mr. Hamel** moved to DP-7 which is Language Revolving Loan programs. He stated this is a language appropriation which would be used to move authority from federal to state funds if appropriate. The language is to delete and add according to exhibit 2. This is to keep the funds moving through the program and keep it in the loan program. **Ms. Ann Bauchman** stated this language is similar to language approved in the Oil and Gas Commission.

***{Tape : 4; Side : A; Approx. Time Counter : 270}***

**Motion/Vote:** SEN. NELSON moved that DP-7 LANGUAGE REVOLVING LOAN PROGRAMS REVISED BE ADOPTED. Motion carried unanimously.

**Mr. Hamel** explained DP-13 Eastern Plains RC&D. It is a request for \$25,000 state special. His issue is that it was funded one-time-only in the 1999 legislature and the programs goals have been accomplished; therefore, additional funding should not be provided. He pointed out the 8.36% coal tax was the funding source and it was approved by the committee during the executive action on the 8.36% coal tax. **Mr. Hamel** recommended a one-time-only in order to check on the progress.

***{Tape : 4; Side : A; Approx. Time Counter : 325}***

**Motion/Vote:** SEN. NELSON moved that DP-13 EASTERN PLAINS RC&D ONE-TIME-ONLY BE ADOPTED. Motion carried unanimously.

**Mr. Hamel** stated the last point for discussion was the language recommendation found on C-150 in the LFD budget book. He pointed out the first paragraph on appropriating up to \$700,000 was withdrawn by the DNRC. The remaining language was handled through other DP's.

*{Tape : 4; Side : A; Approx. Time Counter : 360}*

#### OTHER REQUESTS BEFORE THE COMMITTEE

There were two other groups present to submit proposals to the committee for consideration. After discussion with **Mr. Hamel**, the DNRC, and the representatives, it was decided to hear the requests and have the groups meet with **Mr. Hamel** after the meeting to draft the requests in written form for the committee to consider at a later time.

*{Tape : 4; Side : B; Approx. Time Counter : 0}*

#### Proposal for a new RC&D Program

**Mr. Jim Plum, Executive Director, Park County Economic Development Corporation**, spoke to the committee regarding the Resource Conservation and Development Program (RC&D). He stated only four counties are not in the RC&D Program in the state which are Lewis & Clark County, Meagher County, Park County, and Gallatin County. His proposal is to create an RC&D program for Meagher, Park and Gallatin County. The funding requests are written in the following exhibit as well as the time table for organizational development.

**EXHIBIT(jnh11a10)**

**Ms. Mary Steckum, President, Montana Resource Conservation & Development**, stated there are seven RC&D's in the state and this request is very similar to one already in existence. The federal government will fund approximately half the expense to get this RC&D started and it brings federal monies into the state. She distributed information for the committee to demonstrate activities of the RC&D's. These funding requests are consistent with what the other RC&D's needed to start their programs.

**EXHIBIT(jnh11a11) and EXHIBIT(jnh11a12)**

*{Tape : 4; Side : B; Approx. Time Counter : 80}*

#### Proposal to Fund Management of Groundwater Resources in Sheridan County



**Mr. Jeff Wivholm, Sheridan County Conservation District (SCCD),** stated in 1995 after lengthy negotiations with the Medicine Lake National Wildlife Refuge, which is a wilderness area with endangered species and habitat, there was concern about the aquifer withdrawals in Sheridan County. In 1995 they got a court order from the DNRC to allow them to give out 15,900 acre feet of groundwater in a certain amount of time. The DNRC required monitoring of the permits so as not to negatively impact other water resources. They are requesting funds for the monitoring program per the written exhibit.

**EXHIBIT (jnh11a13)**

**Mr. Wivholm** stated the request was presented to the Water Resources Division but too late to be included in their budget. It was recommended they present their request to the legislature. They could maintain this critical program with \$35,000 per year, but all other sources of funding have been exhausted. They would be taking care of state water that otherwise would need to be monitored by the DNRC.

**SEN. NELSON** stated the SCCD has been given the mandate to monitor the wells but not given the funds to do so. She explained the situation further.

**Mr. Clinch** reminded the committee the Grass Conservation Commission issue was unresolved for the increased spending authority. In the interest of time, it was deferred to the next meeting date.

**CHAIRMAN HAINES** adjourned the meeting.

**ADJOURNMENT**

Adjournment: 12:20 P.M.

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REP. DICK HAINES, Chairman

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SANDRA WHITAKER, Transcription  
Secretary

DH/SW

**EXHIBIT**(jnh11aad)